

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2088 - SB 2429

March 19, 2018

SUMMARY OF BILL: Requires that schools removed from a local education agency (LEA) and placed within the Achievement School District (ASD) shall remain in the ASD until July 1, 2019. Eliminates the ASD either by July 1, 2019, or upon expiration of the charter agreement. Requires an LEA-led intervention or other school improvement process or school turnaround under the governance of an LEA innovation zone pursuant to Tenn. Code Ann. § 49-1-602(c) for priority schools.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – There will be a shift in state and local BEP funds of approximately \$108,080,000 in FY19-20 and a recurring shift beginning in FY20-21 exceeding \$108,080,000 from the Achievement School District to Metro Nashville Public Schools and Shelby County Schools.

Recurring federal funds for K-12 education may be jeopardized as a result of this legislation. The precise amount, if any, cannot be reasonably determined.

Assumptions:

- Currently, state and local basic education program (BEP) funds shift from LEAs to the ASD for the purpose of funding ASD-operated schools.
- Under the provisions of this legislation, these funds would shift back to the LEA.
- The ASD currently operates schools in Shelby County and Davidson County.
- Based on information from the Department of Education (DOE), \$8,035,000 would shift back to Metro Nashville Public Schools, and \$100,045,000 would shift back to Shelby County schools in FY19-20.
- These amounts will increase in subsequent years.
- This will result in a total shift in state and local BEP funds of \$108,080,000 (\$100,045,000 + \$8,035,000) in FY19-20 and an amount exceeding \$108,080,000 in FY20-21 subsequent years.
- The Every Student Succeeds Act (ESSA) requires states to intervene on their lowest performing schools that have failed to improve after a period of no more than 4 years.
- The ASD is part of this intervention plan.
- Under this legislation, the DOE would have to develop and get federal approval for a new intervention plan in compliance with this legislation.

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- To the extent there is a lag between federal approval and the elimination of the ASD, federal funding could be jeopardized.
- The amount of federal funding that could be in jeopardy is unknown and dependent upon action of the U.S. Department of Education; however, based on information from the National Conference of State Legislatures, no state is known to have lost federal funding under the Elementary and Secondary Education Act (ESEA), No Child Left Behind (NCLB), or Every Student Succeeds Act (ESSA). Some states have come close and had to renegotiate waivers or have lost NCLB waivers.
- In FY17-18, the state received \$359,805,200 in ESEA and federal requirement funding.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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